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BEFORE THE ARIZONA CORPORATION COMMISSION

AZ CORP COMMISSION

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JIM IRVIN

Commissioner-Chairman

TONY WEST

Commissioner

CARL J. KUNASEK

Commissioner

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Arizona Corporation Commission

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MAY 14 1999

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IN THE MATTER OF THE)
 COMPETITION IN THE PROVISION)
 OF ELECTRIC SERVICES THROUGHOUT)
 THE STATE OF ARIZONA)

DOCKET NO. RE-00000C-94-0165

**COMMENTS OF ARIZONA PUBLIC SERVICE COMPANY
 ON THE PROPOSED ELECTRIC COMPETITION RULES**

Pursuant to the Arizona Corporation Commission's ("Commission") Procedural Order dated April 21, 1999, Arizona Public Service Company ("APS" or "Company") submits the following written comments on proposed rules R14-2-201 through -207, -210, and -212, and R14-2-1601 through -1618 ("Proposed Rules"). The Proposed Rules were forwarded by the Commission to the Secretary of State for Notice of Proposed Rulemaking pursuant to Decision No. 61634 (April 27, 1999).

I. DEFINITION OF "COMPETITIVE SERVICES"

Currently, the definition of "Competitive Services" in rule R14-2-1601(5) is "all aspects of retail electric service" (emphasis supplied) not defined as "noncompetitive" by the Proposed Rules or the Federal Energy Regulatory Commission ("FERC"). The Commission should not define one

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1 critical term such as "Competitive Services" simply by a negative reference to another definition.¹

2 In doing so here, impermissible vagueness and unnecessary ambiguity results.

3 For example, services such as power quality are certainly an "aspect" of retail electric
4 service. There is no reason that APS should be foreclosed from offering such services to any of its
5 customers. Indeed, the Proposed Rules expressly recognize that mitigation of stranded cost may be
6 accomplished by offering a "wider scope of permitted regulated utility services for profit." R14-2-
7 1607(A). The definition of "Competitive Services," however, all but eliminates the possibility of an
8 Affected Utility offering such additional services. Such services and programs may be completely
9 unrelated to the regulated utility services intended to be addressed by the Proposed Rules.

10 Rather than address the vagueness and ambiguity in the definition of Competitive Services
11 on a case-by-case adjudicatory basis, the Commission should adopt in the Proposed Rules a more
12 precise definition of the term that is both self-sustaining and limited to those formerly-regulated
13 aspects of retail electric service that may now be provided by an ESP. APS has provided its
14 proposed changes to Rule R14-2-1601(5) in Exhibit A, attached hereto and incorporated herein.
15 APS does not believe that its proposed change to the definition of Competitive Services will affect
16 any other provision of the Proposed Rules. APS's proposed language recognizes the formerly-
17 regulated retail electric services, which are also specifically identified in R14-2-1612(N), while not
18 overly restricting *any* party from offering retail electric services that may emerge to the benefit of
19 consumers.

21 II. REQUIRED RATE DECREASES

22 Proposed Rule R14-2-1604(C) now requires Affected Utilities to file a report detailing
23 "possible mechanisms to provide benefits, including rate reductions of 3% - 5% to Standard Offer
24 customers." The word "including" has replaced the words "such as." APS believes that the
25

26 ¹ This is rather like trying to define "carbonated beverage" as "any liquid other than water." The attempted definition is not particularly descriptive and sweeps within its terms liquids that are neither "carbonated" nor "beverages," e.g. gasoline.

1 Commission should clarify that Proposed Rule R14-2-1604(C) does not *require* a 3 to 5 percent rate
2 reduction. Arizona law and the Due Process Clause of the state and federal Constitutions prohibit
3 the Commission from ordering rate reductions (or that a utility file for a rate reduction) without
4 conducting a rate case. APS recommends that the Commission revert to the "such as" language in
5 the previous version of the rules.

6 7 **III. PROVIDER OF LAST RESORT**

8 APS believes that the Provider of Last Resort provisions require additional clarification.
9 The Proposed Rules state that after January 1, 2001, a UDC must provide Standard Offer Service
10 and act as the Provider of Last Resort within its service area. R14-2-1606(A). Provider of Last
11 Resort is defined as a provider of Standard Offer Service to customers whose annual usage is
12 100,000 kWh or less. R14-2-1601(31). APS understands that the intent behind these provisions is
13 to require a UDC to act as the provider of last resort only for those customers with annual usages of
14 100,000 kWh or less, but not to limit the discretion of the UDC to provide Standard Offer Service to
15 customers using over 100,000 kWh per year. As currently written, the latter proposition is not
16 clearly stated in the Proposed Rules. APS believes that the Commission can clarify the intent
17 behind the Provider of Last Resort rules with a simple modification to Rule R14-2-1606 that would
18 not affect any other rule. APS's proposed modification is set forth in Exhibit A.

19 20 **IV. SPECIAL CONTRACTS**

21 The Commission should delete the prohibition in R14-2-1606(C)(6) of any special discounts
22 or "contracts with term" being made available by a UDC, or at least limit the scope of this
23 prohibition to apply only to customers whose annual usage is 100,000 kWh or less. It should do so
24 for a variety of reasons.

25 First, large customers impose significant burdens on the UDC when they leave from or
26 return to Standard Offer Service. For example, if a 3 MW customer returns to Standard Offer
service, it will require the UDC to obtain an additional 3 MW of electric supply on the open market.

1 That purchasing decision is largely affected by how long and at what load factor the purchase is to
2 be made. A special contract for term can provide the UDC with the certainty needed to commit to
3 an intermediate or long-term purchase or to hedge a spot purchase with futures or "in kind"
4 exchanges (rather than always having to buy just unhedged spot purchases). It can tailor the price
5 to reflect the customer's often unique load and quality of service characteristics without burdening
6 other Standard Offer Service customers.

7 Second, the prohibition on special contracts or "contracts with term" unnecessarily restricts
8 the options of customers. Those customers traditionally availing themselves of such contracts are
9 large and sophisticated. The prohibition on special contracts for all customers results in *diminished*
10 competition. Contrary to the assertions of those seeking to impose this anticompetitive restraint,
11 special contracts negotiated between UDCs and large customers in no way prevent consumers from
12 accessing a competitive option. APS recommends deleting Proposed Rule R14-2-1606(C)(6).

13 Alternatively, the prohibition could allow for contracts with term for large customers, and should
14 further permit special contracts which allow for discounts that are directly tied to a lower cost of
15 serving such a customer or variations in the quality of service provided. This would permit these
16 larger customers to be served by whichever entity could do so at the lowest cost, promoting both
17 efficiency and competition.

18 19 V. STANDARD OFFER TARIFFS

20 Proposed Rule R14-2-1606(C), which discusses Standard Offer Service unbundling,
21 currently requires UDCs to file bundled tariffs that include 10 specific service elements. The
22 specific service elements are echoed in Proposed Rule R14-2-1612(N), setting forth what detail is
23 required in customer bills. The Proposed Rules also require that the rates must reflect the costs of
24 providing the service.

25 APS does not believe that the Commission intends, through these rules, to order a "bottom
26 up" rate redesign proceeding for all Standard Offer tariffs. If the Commission were to require such
a bottom up redesign of Standard Offer rates, there would be significant customer dislocation (all of

1 which would likely be attributed by the customer to “competition”) and, rather than a three week
2 unbundling hearing, would require a process spanning several months for each Affected Utility.
3 Further, a bottom up redesign of the bill to reflect every specific “billing cost element” across each
4 customer class may not provide consumers with any more useful information than could be
5 presented via other available alternatives. Indeed, it may provide customers with “disinformation”
6 because it is unlikely that these “billing cost elements” will match the corresponding unbundled
7 rates actually paid by those who receive portions of their electric service from competitive
8 suppliers.²

9 At a minimum, APS recommends that, as a supplement to the current requirements, the
10 Proposed Rules recognize that the Commission may approve an alternative plan submitted by a
11 UDC or Affected Utility for Standard Offer Service unbundling and billing. APS’s suggested
12 revision to the Proposed Rules appears on Exhibit A, and would not impact any other rule.

13 VI. TRANSMISSION AND DISTRIBUTION ACCESS

14 Several aspects of rule R14-2-1609 require amendment or modification. First, the Proposed
15 Rules include a new section in R14-2-1609(B), which requires UDCs to ensure that adequate
16 transmission import capability is available to meet customer load requirements. APS recognizes
17 that the UDC must perform distribution upgrades when necessary to ensure that its distribution
18 infrastructure is sufficient to meet customer demand. As worded, however, rule R14-2-1609(B) is
19 not limited to a UDC’s distribution network, but arguably extends to extra-high voltage (“EHV”)
20 and other FERC-regulated transmission systems as well. Like other sections of this rule, the
21 Commission cannot regulate FERC-jurisdictional transmission issues. Additionally, extending the
22 UDC’s obligations beyond the distribution infrastructure ignores that plant-siting decisions are
23 closely tied to transmission issues. A rule requiring the regulated UDC to ensure adequate EHV
24 transmission import capability could eliminate or mask market forces that rightly drive plant-siting
25

26 _____
² These unbundled tariffs, which are available to any customer on request, provide the consumer with the most *accurate* information by which to compare Standard Offer Service to a competitive alternative.

1 decisions by new market entrants or merchant generators. Thus, APS believes that Proposed Rule
2 R14-2-1609(B) should be deleted. This deletion would not affect any other rule.

3 Proposed Rule R14-2-1609(D) - (J) address the formation and operation of an Arizona
4 Independent Scheduling Administrator ("AISA"). APS recommends the following changes to the
5 rules addressing AISA. Other than renumbering following the deletion of several subparagraphs,
6 APS does not believe that these changes would affect any other rules.

7 (A) Proposed Rule R14-2-1609(D)(1) requires the AISA to "calculate Available
8 Transmission Capacity (ATC) for Arizona transmission facilities. . . ." The AISA Operating
9 Committee does not believe that AISA will have sufficient staff to actually perform the detailed
10 calculations for ATC. Thus, APS recommends that the rule be amended to require AISA to "verify
11 the accuracy of calculations of" ATC for Arizona transmission facilities.

12 (B) The newly-added subparagraph in R14-2-1609(D)(5), requiring AISA to implement
13 a transmission planning process involving all AISA stakeholders should be deleted. The Southwest
14 Regional Transmission Association ("SWRTA") and the Western Systems Coordinating Council
15 ("WSCC") already address the issues identified in this subparagraph. SWRTA is an open
16 association, and all members of AISA can be members of the WSCC. Thus, adding requirements
17 for AISA to duplicate the efforts of SWRTA and the WSCC is unnecessary and could
18 unintentionally undercut the established transmission planning processes already in place through
19 those organizations.

20 (C) APS, on behalf of itself, AEPCO, TEP and Citizens, has filed a proposed AISA
21 implementation plan. Accordingly, APS believes that R14-2-1609(E) should be deleted as moot.

22 (D) The Commission has repeatedly stated that it intends to allow the recovery of
23 prudently-incurred costs associated with the formation and operation of AISA (and a subsequent
24 ISO) from customers. Thus, APS recommends that the word "may" in the last sentence of R14-2-
25 1609(G) be changed to "will." There is no reason to introduce uncertainty in connection with cost
26 recovery for forming and operating the AISA/ISO.

1 (E) Proposed Rule R14-2-1609(J) requires AISA to facilitate the development of an
2 energy settlement process. AISA will not address settlement protocols. Accordingly, APS believes
3 that this provision should be deleted.

4 Lastly, APS believes that the must-run provisions in Proposed Rule R14-2-1609(I) should be
5 clarified. The language appears to contemplate that UDCs will recover must-run generating costs
6 from existing must-run facilities through a regulated charge to end-use customers. APS
7 recommends that second-to-last sentence in the rule be amended to clarify that "Affected Utilities'
8 fixed" must-run generating unit costs are to be recovered from a distribution charge.

10 VII. PREDICTABLE LOADS

11 APS does not object to permitting some "predictable" loads to use load profiling in lieu of
12 hourly consumption data. As written, however, Proposed Rule R14-2-1612(K)(6) is unclear as to
13 who may waive the requirements for hourly consumption data. APS recommends changing the last
14 sentence of R14-2-1612(K)(6) to provide that the "entity developing the load profile shall determine
15 if a load is predictable." This revision will not affect any other rule.

18 VIII. SEPARATION OF COMPETITIVE SERVICES

19 Rule R14-2-1615 requires Affected Utilities to "spin off" to affiliates not just competitive
20 generation assets, but *all* Competitive Services. There has never been any evidence or testimony
21 presented to the Commission that the compelled separation of distribution-related activities such as
22 metering, meter reading, billing, and collection from a UDC is necessary, appropriate, or in any way
23 benefits consumers or the competitive marketplace (as opposed to metering vendors and
24 independent billing service providers). In fact, such mandated "spin offs" reduce permissible
25 economies of scale and increase the cost of service for customers of both Competitive Services and
26 Noncompetitive Services. APS recommends that rule R14-2-1615 be amended, as set forth in

1 Exhibit A, to allow a UDC to offer non-generation related Competitive Services without divesting
2 such functions to an affiliate.

3 Further, R14-2-1615(B)(1) currently recognizes that UDCs may provide meters for load
4 profiled customers. To clarify the ability of the UDC to perform meter-related services for load
5 profiled customers, APS recommends at a minimum that the undefined word "meters" be replaced
6 with "Meter Services and Meter Reading Services." This alternative recommendation is provided on
7 Exhibit A as well.

9 IX. DISCLOSURE OF INFORMATION

10 Proposed Rule R14-2-1617 requires all "Load Serving Entit[ies]" to disclose detailed
11 information about pricing, resource portfolios and terms of service. APS believes that such
12 information may be appropriate for load-serving ESPs marketing to obtain new customers. This
13 detailed information, however, should not be required of UDCs providing Commission-regulated
14 default Standard Offer Service and not affirmatively marketing to obtain customers from load-
15 serving ESPs. Moreover, the UDCs' terms of service are already set forth in publicly filed tariffs,
16 which are provided to all customers upon request, and do not vary from customer to customer
17 within a class. Accordingly, APS recommends replacing the term Load Serving Entity with "load
18 serving ESP" throughout the Proposed Rule. This change will not affect any other rule.

20 X. MISCELLANEOUS

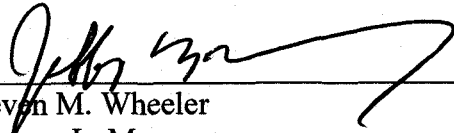
21 The filing requirements on new electric plants was deleted from R14-2-202 to conform with
22 a statutory amendment. APS recommends that the title to this section be amended to "Certificate of
23 Convenience and Necessity for electric utilities" which deletes the now-superfluous "and filing
24 requirements on certain new plants" from the title.

CONCLUSION

The Proposed Rules are vastly superior to any of their prior versions, both substantively and in terms of clarity and internal consistency. APS has suggested further changes which it believes will either effectuate the already stated intent of the Proposed Rules or which will further the timely and efficient restructuring of the electric utility industry in Arizona. The Company urges their incorporation into the Commission's final electric competition rules.

RESPECTFULLY SUBMITTED this 14th day of may, 1999.

SNELL & WILMER LLP.

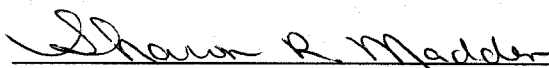


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CERTIFICATE OF SERVICE

The original and ten (10) copies of the foregoing document were filed with the Arizona Corporation Commission on this 14th day of May, 1999, and service was completed by mailing or hand-delivering a copy of the foregoing document this 14th day of May, 1999 to the accompanying service list.


Sharon Madden

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Arizona Public Service Company

Exhibit A

R14-2-1601

5. "Competitive Services" means retail electric Generation, Meter Service (other than those aspects of Meter Service described in R14-2-1612(K)), Meter Reading Service, and billing and collection for such services (other than joint or consolidated billing provided pursuant to a tariff). It does not include Standard Offer Service or any other electric service defined by this article as noncompetitive. ~~all aspects of retail electric service except those services specifically defined as "Noncompetitive Services" pursuant to R14 2 1601(27) or noncompetitive services as defined by the Federal Energy Regulatory Commission.~~

R14-2-1604

- C. Each Affected Utility shall file a report by November 1, 1999, detailing possible mechanisms to provide benefits, ~~including such as~~ rate reductions of 3% - 5%, to all Standard Offer customers.

R14-2-1606

- A. On the date its service area is open to competition pursuant to R14-2-1602, each Affected Utility or Utility Distribution Company shall make available Standard Offer Service and Noncompetitive Services at regulated rates. After January 1, 2001, Standard Offer Service and Noncompetitive Services shall be provided by Utility Distribution Companies who shall also act as Providers of Last Resort. A Utility Distribution Company may, at its option, provide Standard Offer Service to customers whose annual usage is more than 100,000 kWh.

* * *

C. Standard Offer Tariffs

1. By the July 1, 1999, or pursuant to Commission Order, whichever occurs first, each Affected Utility shall file proposed tariffs to provide Standard Offer Service. Such rates shall not become effective until approved by the Commission. Any rate increase proposed by an Affected Utility or Utility Distribution Company for Standard Offer Service must be fully justified through a rate case proceeding.
2. Standard Offer Service tariffs shall include the following elements:
 - a. Electricity:
 - (1) Generation
 - (2) Competition Transition Charge
 - (3) Must-Run Generating Units
 - b. Delivery:
 - (1) Distribution services
 - (2) Transmission services
 - (3) Ancillary services

c. Other:

- (1) Metering Service
- (2) Meter Reading Service
- (3) Billing and Collection

d. System Benefits

The Competition Transition Charge shall be included in the Standard Offer Service tariffs for the purpose of clearly showing that portion of Standard Offer Service charges being collected to pay Stranded Costs.

3. Affected Utilities and Utility Distribution Companies may file proposed revisions to such rates. Any rate increase proposed by an Affected Utility or Utility Distribution Company for Standard Offer Service must be fully justified through a rate case proceeding, which may be expedited at the discretion of the Utilities Division Director.

4. Such rates shall reflect the costs of providing the service.

5. Consumers receiving Standard Offer service are eligible for potential future rate reductions as authorized by the Commission.

6. An Affected Utility may submit for Commission approval an alternative plan for unbundling Standard Offer Service that varies from the requirements of this section, provided that the alternative plan does not seek a rate increase and the reasons justifying an alternative Standard Offer Service unbundling methodology are substantiated by the Affected Utility.

~~6. After January 1, 2001, tariffs for Standard Offer Service shall not include any special discounts or contracts with term, or any tariff which prevents the customer from accessing a competitive option,~~

~~other than time of use rates, interruptible rates or self-generation
deferral rates.~~

OR

7. After January 1, 2001, tariffs for Standard Offer Service shall not
include any special discounts unrelated to differentials in cost of
service, quality of service, or self-generation deferral rates.

R14-2-1609 Transmission and Distribution Access

- A. The Affected Utilities shall provide non-discriminatory open access to transmission and distribution facilities to serve all customers. No preference or priority shall be given to any distribution customer based on whether the customer is purchasing power under the Affected Utility's Standard Offer or in the competitive market. Any transmission capacity that is reserved for use by the retail customers of the Affected Utility's Utility Distribution Company shall be allocated among Standard Offer customers and competitive market customers on a pro-rata basis
- ~~B. Utility Distribution Companies shall retain the obligation to assure that adequate transmission import capability is available to meet the load requirements of all distribution customers within their service areas.~~
- BC. The Commission supports the development of an Independent System Operator (ISO) or, absent an Arizona Independent System Operator, an Arizona Independent Scheduling Administrator (ISA).
- CD. The Commission believes that an Independent Scheduling Administrator is necessary in order to provide non-discriminatory retail access and to facilitate a robust and efficient electricity market. Therefore, those Affected Utilities that own or operate Arizona transmission facilities shall form an Arizona Independent Scheduling Administrator which shall file with the Federal Energy Regulatory Commission within 60 days of this Commission's adoption of final rules herein, for approval of an Independent Scheduling Administrator having the following characteristics:
1. The Arizona Independent Scheduling Administrator shall verify the accuracy of calculations of ~~calculate~~ Available Transmission Capacity (ATC) for Arizona transmission facilities that belong to the Affected

Utilities or other Arizona Independent Scheduling Administrator participants, and shall develop and operate an overarching statewide OASIS.

2. The Arizona Independent Scheduling Administrator shall implement and oversee the non-discriminatory application of operating protocols to ensure statewide consistency for transmission access. These operating protocols shall include, but are not limited to, protocols for determining transmission system transfer capabilities, committed uses of the transmission system, available transfer capabilities, Must-Run Generating Units, energy scheduling, and energy imbalances.
3. The Arizona Independent Scheduling Administrator shall provide dispute resolution processes that enable market participants to expeditiously resolve claims of discriminatory treatment in the reservation, scheduling, use and curtailment of transmission services.
4. All requests (wholesale, Standard Offer retail, and competitive retail) for reservation and scheduling of the use of Arizona transmission facilities that belong to the Affected Utilities or other Arizona Independent Scheduling Administrator participants shall be made to, or through, the Arizona Independent Scheduling Administrator using a single, standardized procedure.
- ~~5. The Arizona Independent Scheduling Administrator shall implement a transmission planning process that includes all Arizona Independent Scheduling Administrator participants and aids in identifying the timing and key characteristics of required reinforcements to Arizona transmission facilities to assure that the future load requirements of all participants will be met.~~

~~E. The Affected Utilities that own or operate Arizona transmission facilities shall file~~

~~a proposed Arizona Independent Scheduling Administrator implementation plan with the Commission within thirty days of the Commission's adoption of final rules herein. The implementation plan shall address Arizona Independent Scheduling Administrator governance, incorporation, financing and staffing; the acquisition of physical facilities and staff by the Arizona Independent Scheduling Administrator; the schedule for the phased development of Arizona Independent Scheduling Administrator functionality; contingency plans to ensure that critical functionality is in place no later than three months following adoption of final rules by the Commission; and any other significant issues related to the timely and successful implementation of the Arizona Independent Scheduling Administrator.~~

DF. Each of the Affected Utilities shall make good faith efforts to develop a regional, multi-state Independent System Operator, to which the Arizona Independent Scheduling Administrator should transfer its relevant assets and functions as the Independent System Operator becomes able to carry out those functions.

EG. It is the intent of the Commission that prudently-incurred costs incurred by the Affected Utilities in the establishment and operation of the Arizona Independent Scheduling Administrator, and subsequently the Independent System Operator, should be recovered from customers using the transmission system, including the Affected Utilities' wholesale customers, Standard Offer retail customers, and competitive retail customers on a non-discriminatory basis through Federal Energy Regulatory Commission-regulated prices. Proposed rates for the recovery of such costs shall be filed with the Federal Energy Regulatory Commission and this Commission. In the event that the Federal Energy Regulatory Commission does not permit recovery of prudently incurred Independent Scheduling Administrator costs within 90 days of the date of making an application with the Federal Energy Regulatory Commission, the Commission ~~may~~will authorize

Affected Utilities to recover such costs through a distribution surcharge.

FH. The Commission supports the use of "Scheduling Coordinators" to provide aggregation of customers' schedules to the Independent Scheduling Administrator and the respective Control Area Operators simultaneously until the implementation of a regional Independent System Operator, at which time the schedules will be submitted to the Independent System Operator. The primary duties of Scheduling Coordinators are to:

1. Forecast their customers' load requirements;
2. Submit balanced schedules (that is, schedules for which total generation is equal to total load of the Scheduling Coordinator's customers plus appropriate transmission and distribution line losses) and North American Electric Reliability Council/Western Systems Coordinating Council tags;
3. Arrange for the acquisition of the necessary transmission and ancillary services;
4. Respond to contingencies and curtailments as directed by the Control Area Operators, Arizona Independent Scheduling Administrator or Independent System Operator;
5. Actively participate in the schedule checkout process and the settlement processes of the Control Area Operators, Arizona Independent Scheduling Administrator or Independent System Operator.

GI. The Affected Utilities and Utility Distribution Companies shall provide services from the Must-Run Generating Units to Standard Offer Service retail customers and competitive retail customers on a comparable, non-discriminatory basis at regulated prices. The Affected Utilities shall specify the obligations of the Must-Run Generating Units in appropriate sales contracts prior to any divestiture. Under auspices of the Arizona Independent Scheduling Coordinator, the Affected Utilities and other stakeholders shall develop statewide protocols for pricing and

availability of services from Must-Run Generating Units These protocols shall be presented to the Commission for review and when appropriate, approval, prior to being filed with the Federal Energy Regulatory Commission in conjunction with the Arizona Independent Schedule Administrator tariff filing. Affected Utilities' Fixed Must-Run Generating Units costs are to be recovered through a regulated charge to end-use customers. This charge must be set by the Commission as part of the end-use customer distribution service charges.

~~J. The Affected Utilities and other stakeholders, under the auspices of the Arizona Independent Scheduling Administrator, shall identify statewide services to be settled on and develop fair and reasonable pricing mechanisms to assure a consistent and fair settlement process.~~

R14-2-1612

K. Additional Provisions for Metering and Meter Reading Services

6. Minimum metering requirements for competitive customers over 20 kW, or 100,000 kWh annually, should consist of hourly consumption measurement meters or meter systems. Predictable loads will be permitted to use load profiles to satisfy the requirements for hourly consumption data. The ~~Affected Utility or Electric Service Provider will make the determination~~entity developing the load profile shall determine if a load is predictable.

R14-2-1615

A. All competitive generation assets ~~and Competitive Services~~ shall be separated from an Affected Utility prior to January 1, 2001. Such separation shall either be to an unaffiliated party or to a separate corporate affiliate or affiliates. If an Affected Utility chooses to transfer its competitive generation assets ~~or competitive services~~ to a competitive electric affiliate, such transfer shall be at a value determined by the Commission to be fair and reasonable.

B. Affected Utilities or Utility Distribution Companies may, at their option, provide non-generation Competitive Services directly or through an affiliate. If an Affected Utility or Utility Distribution Company chooses to provide non-generation Competitive Services directly, the Affected Utility or Utility Distribution Company shall separately account for such Competitive Services.

CB. Beginning January 1, 2001, an Affected Utility or Utility Distribution Company shall not provide ~~Competitive Services as defined in R14-2-1601~~competitive retail Generation as defined in R14-2-1601(16), except as otherwise authorized by these rules or by the Commission.

1. ~~This Section does not preclude an Affected Utility or Utility Distribution Company from billing its own customers for distribution service, or from providing billing services to Electric Service Providers in conjunction with its own billing, or from providing meters for Load Profiled residential customers. Nor does this section preclude an Affected Utility or Utility Distribution Company from providing billing and collections, Metering and Meter Reading Service as part of the Standard Offer Service tariff to Standard Offer Service Customers.~~

2. ~~This Section does not preclude an Affected Utility or Utility Distribution Company from owning distribution and transmission primary voltage Current Transformers and Potential Transformers.~~

ALTERNATIVE FOR R14-2-1615(B)(1)

1. This Section does not preclude an Affected Utility or Utility Distribution Company from billing its own customers for distribution service, or from providing billing services to Electric Service Providers in conjunction with its own billing, or from providing ~~meters~~ Meter Services or Meter Reading Services for Load Profiled residential customers. Nor does this section preclude an Affected Utility or Utility Distribution Company from providing billing and collections, Metering and Meter Reading Service as part of the Standard Offer Service tariff to Standard Offer Service Customers.

R14-2-1617 Disclosure of Information

- A. Each ~~Load Serving Entity~~load serving ESP ~~providing generation services~~ shall prepare a consumer information label that sets forth the following information:
1. Price to be charged for generation services,
 2. Price variability information,
 3. Customer service information,
 4. Time period to which the reported information applies.
- B. Each ~~Load Serving Entity~~load serving ESP shall provide, upon request, the following information (to the extent reasonably known):
- 1 Composition of resource portfolio
 - 2 Fuel mix characteristics of the resource portfolio
 - 3 Emissions characteristics of the resource portfolio
- C. The Director, Utilities Division shall develop the format and reporting requirements for the consumer information label to ensure that the information is appropriately and accurately reported and to ensure that customers can use the labels for comparisons among ~~Load Serving Entities~~load serving ESPs. The format developed by the Director, Utilities Division shall be used by each ~~Load Serving Entity~~load serving ESP.
- D. Each ~~Load Serving Entity~~load serving ESP shall include the information disclosure label in a prominent position in all written marketing materials specifically targeted to Arizona. When a load serving ESP ~~Load Serving Entity~~ advertises in non-print media, or in written materials not specifically targeted to Arizona, the marketing materials shall indicate that the ~~Load Serving Entity~~load serving ESP shall provide the consumer information label to the public upon request.
- E. Each ~~Load Serving Entity~~load serving ESP shall prepare an annual disclosure report that aggregates the resource portfolios of the ~~Load Serving Entity~~load

serving ESP and its affiliates.

F. Each ~~Load Serving Entity~~ load serving ESP shall prepare a statement of its terms of service that sets forth the following information:

1. Actual pricing structure or rate design according to which the customer with a load of less than 1 MW will be billed, including an explanation of price variability and price level adjustments that may cause the price to vary;
2. Length and description of the applicable contract and provisions and conditions for early termination by either party;
3. Due date of bills and consequences of late payment;
4. Conditions under which a credit agency is contacted;
5. Deposit requirements and interest on deposits;
6. Limits on warranties and damages;
7. All charges, fees, and penalties;
8. Information on consumer rights pertaining to estimated bills, 3rd party billing, deferred payments, and rescission of supplier switches within 3 days of receipt of confirmation;
9. A toll-free telephone number for service complaints;
10. Low income programs and low income rate eligibility;
11. Provisions for default service;
12. Applicable provisions of state utility laws; and
13. Method whereby customers will be notified of changes to the terms of service.

G. The consumer information label, the disclosure report, and the terms of service shall be distributed in accordance with the following requirements:

1. Prior to the initiation of service for any retail customer,
2. Prior to processing written authorization from a retail customer with a load

of less than 1 MW to change Electric Service Providers,

3. To any person upon request,
 4. Made a part of the annual report required to be filed with the Commission pursuant to law.
 5. The information described in this subsection shall be posted on any electronic information medium of the ~~Load Serving Entities~~load serving ESP.
- H.** Failure to comply with the rules on information disclosure or dissemination of inaccurate information shall result in suspension or revocation of certification or other penalties as determined by the Commission.
- I.** The Commission may establish a consumer information advisory panel to review the effectiveness of the provisions of this Section and to make recommendations for changes in the rules.